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CSR

How Southwest Advises Its CEO on Which Social and Political Issues to Address Publicly

Usually you can find data supporting various sides of a question. As loyal readers of this publication know, we've offered survey data showing consumers want brands to take positions on social and political issues (*PRN*, March 13). We also have run data showing there are cases where stakeholders prefer CEOs stick to running their business and avoid spending much time speaking about social issues.

For example, in January **Ruder Finn** released *The Social CEO*, a survey arguing successful, contemporary CEOs cannot escape the public spotlight and must, for example, be active on social media (*PRN*, January 23). The most high-performing CEOs post regularly about industry issues and personal anecdotes, yet they "avoid politics and current events" that are not directly related to their business.

NO HIDING FOR CEOS

Still, the majority opinion seems to be CEOs and brands no longer can hide. "Society is demanding that companies, both public and private, serve a social purpose," **Larry Fink**, CEO of **BlackRock**, the world's largest asset manager (\$6.3 trillion), wrote in a January letter to CEOs.

"To prosper over time," the Fink letter says, "every company must not only deliver financial performance, but also show how it makes a positive contribution to society. Companies must benefit all of their stakeholders, including shareholders, employees, customers, and the communities in which they operate."

[Note to Subscribers: The full letter can be found in the *For The Record* section of the *PR News Essentials* Page:

<http://www.prnewsonline.com/pr-news-pro-essentials/>]

The question then becomes how much time to devote to a social or political issue and which to choose. It's far easier said than done. [More on how one brand tackles this below.]

Brands picking issues injudiciously run the risk of being seen as inauthentic. While research from **Aflac** notes consumers, particular younger ones, "want companies to take stands on controversial issues...this doesn't mean you go out there willy-nilly and take a stand," says Aflac director of communications **Jon Sullivan**. "If you're inauthentic you'll be found out...[your position] has to be in line with your business objectives...[and] relevant to your business."

The decision to speak out was relatively straightforward when **Microsoft** and other tech companies blasted proposed changes in U.S. immigration policy late in January 2017. The new policies touched many of its employees. In addition, it was personal for CEO **Satya Nadella**. "It is the enlightened immigration policy of [the U.S.] that...made it possible for me to come here," he said on Microsoft's blog.

It's a more difficult decision for a CEO when a brand does not seem directly linked to a controversial issue, but could be seen as indirectly involved.

GUN CONTROL'S DELICATE DANCE

The demand for gun control in the wake of the February 14 fatal shooting at **Stoneman Douglas HS** in Parkland, FL, provides several examples. Last month, prior to the *March for Our Lives*, **APCO Worldwide's** senior counselor **Barie Carmichael** urged brands to think of their supply chains when de-

Continued on page 3



Editor, Seth Arenstein, sarenstein@accessintel.com
Editorial Director, Steve Goldstein, sgoldstein@accessintel.com
Graphic Designer, Yelena Shamis, yshamis@accessintel.com
Executive Editor, Jerry Ascierio, jascierio@accessintel.com
Senior Content Manager, Sophie Maerowitz, SMaerowitz@accessintel.com
Editor (Guidebooks), Hayley Jennings, hjennings@accessintel.com
Content Manager, Justin Joffe, jjoffe@accessintel.com
Director of Marketing, Laura Snitkovskiy, lsnitkovskiy@accessintel.com
Senior Marketing Manager, Jessica Placencia, jplacencia@accessintel.com
VP of Marketing, Amy Jefferies, ajefferies@accessintel.com
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 9211 Corporate Blvd, 4th Floor
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Client Services:
 Phone: 888.707.5814 · Fax: 301.309.3847
 e-mail: clientservices@accessintel.com

New York Editorial Office:
 40 Wall Street, 50th floor, New York, NY 10005
 Phone: 212.621.4890 · Fax: 212.621.4879

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SOCIAL MEDIA

Beauty Sector Tops B2C Consumer Engagement in Q1'18; Content Off 13%

The social trends of 2017 seem to continue into 2018, at least according to our first look at U.S. B2C brands. Last year we saw brands generally post fewer pieces of content, but gain consumer engagement.

This first look at 2018 data continues the pattern. Once again data is supplied by **Shareablee** to PR News exclusively.

U.S. B2C brands generated 2.1 billion consumer actions across **Facebook**, **Twitter** and **Instagram** in Q1 2018. Despite posting 13% fewer pieces of content year over year, consumer engagement rose 4%, says Shareablee's **Ron Lee**. In addition, consumer actions per post rose 17% year over year.

BEAUTY DOMINATES

As you can see from the table, beauty brands dominated the top 10, with fashion also registering. The only non-beauty-fashion brand in the top 10 is **GoPro**, the maker of action cameras.

ALL PLATFORMS DECLINE

In Q1' 18 all social platforms experienced a drop in content posted year over year. Still Instagram and Twitter saw consumer engagement grow 10% and 39%, respectively, Lee notes.

Facebook suffered a 41% drop in consumer engagement with brands' social posts vs Q1 2017. This may be a result of Facebook's decline in emphasizing brands.

FASHIONNOVA CONTINUES PATTERN

As for individual brands, **FashionNova** tops the list despite a 5% drop in content posted. Continuing the pattern of posting less content and getting more consumer engagement, FashionNova experienced a 72% rise in consumer engagement and a 132% increase in content shared, Lee notes.

The brand's video production rose from 5 vids in Q1'17 to 258 in the first 2018 quarter.

Shareablee

SOCIAL SCORECARD

TOP B2C BRANDS – Q1 2018

Based on Total Actions (reactions, comments, shares, retweets and likes)
 Data provided exclusively to PR News by Shareablee.

Sources:

| Rank | Brand | Total Actions | Total Content | Actions per Content | Total Audience |
|------|-------------------------|---------------|---------------|---------------------|----------------|
| 1 | FashionNova | 111,554,021 | 4,961 | 22,486 | 12,166,284 |
| 2 | Anastasia Beverly Hills | 84,427,089 | 1,346 | 62,724 | 18,152,391 |
| 3 | Kylie Cosmetics | 73,873,602 | 1,212 | 60,952 | 19,861,217 |
| 4 | Victoria's Secret | 68,235,770 | 1,013 | 67,360 | 99,136,317 |
| 5 | Fenty Beauty | 36,557,480 | 780 | 46,869 | 3,595,768 |
| 6 | Tarte cosmetics | 35,693,188 | 1,633 | 21,857 | 9,661,878 |
| 7 | Urban Outfitters | 33,118,521 | 1,152 | 28,749 | 11,040,922 |
| 8 | GoPro | 32,235,439 | 525 | 61,401 | 26,496,890 |
| 9 | Morphe Brushes | 30,757,049 | 531 | 57,923 | 6,831,080 |
| 10 | Too Faced Cosmetics | 29,574,273 | 646 | 45,781 | 13,555,304 |

Similarly, **Anastasia Beverly Hills** posted 20% fewer pieces of content in the first quarter vs the 2017 quarter yet saw consumer engagement rise 6%, Lee notes.

It also registered an impressive 32% growth in consumer actions per post. Increased video production led to a 42% growth in video actions and 68% rise in video views, Lee says.

A NEW BRAND JOINS THE TOP 10

Fenty Beauty is the only new brand to crack the top 10 list, Lee notes.

More impressive is that the brand started its social media activity during the middle of 2017.

Reflective of the brand's tremendous social growth, Fenty registered the highest figures in terms of content shared among the top 10 brands. That's an amazing achievement, Lee says. ■

SW's Diverse Group Evaluates Social Topics

ciding whether or not to take a stand on the pro-gun control march (PRN, March 23, 2018).

A bus company seems to lack a direct connection with a gun-control march. But what if its vehicles carry protestors to the march? "Think of your supply chain," Carmichael advises. "How could you be indirectly caught up in this march?"

Last week the high school shooting continued to draw more brands into its vortex. For example **Bank of America** said it plans to halt lending to clients building "military-style firearms."

Also last week, **Wells Fargo** said it will leave gun-control policy to legislators. The American public wants government not banks to shape policy on guns, Wells said April 13.

In late March **Citigroup** said it would bar business partners from selling guns to those younger than 21 and those who failed a background check.

Also indirectly linked to the shooting and gun control push are the estimated two-dozen advertisers who've withdrawn support of "The Ingraham Angle" on **Fox News Channel**. The brands departed after host **Laura Ingraham** mocked a 17-year-old, pro-gun control student for his college admission woes. Many of the brands left the Ingraham show quietly, exiting without issuing policy statements, leaving it unclear whether they were taking a stand on gun control, Ingraham's attack on student **David Hogg** or both.

SOUTHWEST'S POSSIBLE SOLUTION

As we noted above, at least one brand has an approach to help navigate the tricky issue of CEOs and companies wading into politics and social issues.

During a session last week at the **Institute for Public Relations'** (IPR) *The Bridge* conference, **Southwest Airlines** CCO **Linda Rutherford** (picture 1, page 1) described a mechanism the airline built to advise CEO **Gary Kelly** about the pros and cons of speaking out on specific social topics.

The Social Topics Committee [see diagram] meets monthly or on-demand should an issue arise, Rutherford says. Representatives from Marketing, Operations and People, which is what Southwest calls H.R., supplement the group's inter-departmental composition, depending on the topic discussed.

In fact, the existence of the cross-departmental group is



Source: Talk at IPR's The Bridge Conference by Linda Rutherford, Southwest Airlines, April 2018, PRN Graphic

linked to a previous topic the airline "missed" on, Rutherford says. The people making the call on that one lacked diversity of opinion and examined the topic "narrowly," she says.

"This [Social Topics Committee] is charged with making a recommendation to the CEO on whether and how Southwest Airlines should engage on a particular social topic," she adds. The group makes recommendations to the CEO, so is not a "day-to-day, hard-line reporting structure."

With fast-moving issues the group will assemble within 12 hours, Rutherford says, although it might not make a recommendation within 12 hours.

It uses an interactive PDF "that allows for multiple inputs by the committee members based on questions about per-

Continued on page 4

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ceptions, risks, audience impacts, benefits and other factors,” she says. One of the ways Rutherford’s team decides how to frame its response to the PDF’s questions is based on comments coming to it from employees, the general public and frequent flyers.

As each committee member provides input into threshold questions, the interactive framework tool—in the shape of a pyramid—begins to turn colors (red is negative or caliente; gray is neutral; and green is positive). Red signals the committee likely will recommend to the Southwest CEO to avoid

engaging in the topic.

“We have agreed we go with the consensus that the pyramid shows,” Rutherford says.

The importance of brands taking stands is critical, Rutherford says. Brands no longer can “rest on their laurels” and stay “on the sidelines,” she says. “The new reality” is a set of stakeholders “expects us to act fast” on certain political and social issues.

CONTACT: Linda.Rutherford@wnco.com

ETHICS

Global PR Industry Concerned With Ethics, Though Plans for Improvement Seem Unclear

In just three years of existence, the *Global Communications Report* from the **Center for PR at the USC Annenberg School for Communication and Journalism** has become a trusted benchmark. It’s also known for focusing on different issues and examining them with depth, surveying more than 1,000 PR leaders and PR students across the globe.

Little surprise this year’s study centers on issues such as ethics and fake news. That some of the findings are dire is even less surprising.

For example, 92% of PR pros said “fake news” is the biggest ethical challenge to the industry. Next was “the pur-

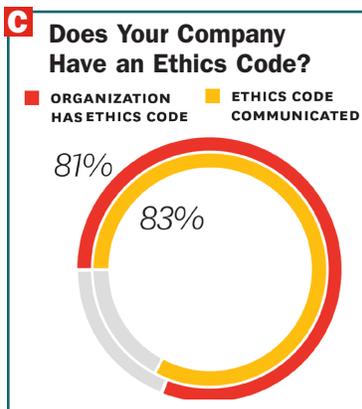
poseful distortion of the truth” (91%). Defense of malicious behavior (88%) and lack of corporate transparency (81%) also were high on the list of PR professionals’ and PR students’ ethical concerns (See chart A).

Fortunately 62% of PR pros surveyed believe business, including PR, is becoming more ethical; just 12% predict businesses will become less ethical over the next five years.

Looking at chart E you can see PR pros are concerned about the public’s perception of ethics in PR. 50% of all PR professionals surveyed believe the PR industry in their country has an unethical image. That number is slightly higher among U.S. pros at 57%. Looking forward, 67% of international and 56% of U.S. PR professionals anticipate the PR industry in their country will become more ethical over the next five years.



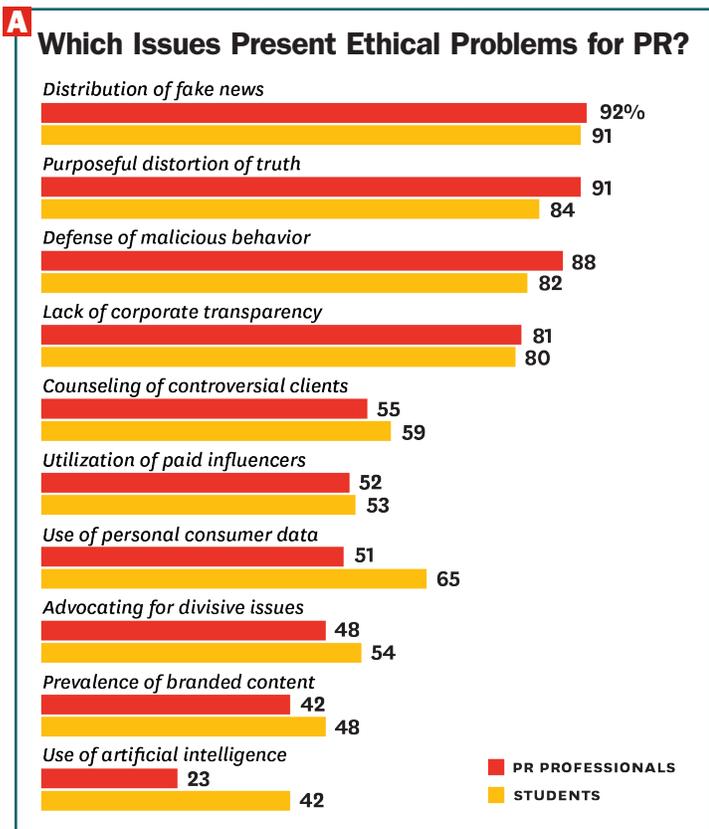
Source: USC Annenberg School, April 2018



Source: USC Annenberg School, April 2018

While it seems clear PR pros and students are interested in raising the ethical standards of the profession, the precise paths are less obvious.

As you can see in chart B, just a bit more than half said they’d received ethics training. A positive sign is chart C, which shows most organizations have ethics codes and that



Source: USC Annenberg School, April 2018

they're communicated effectively.

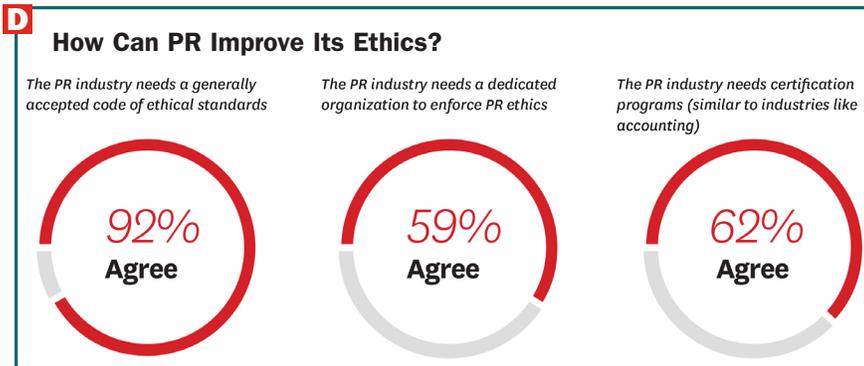
Chart D shows an overwhelming majority of PR pros agree an industry-wide code of ethics is needed (92%). While the majority (59%) feel an organization is needed to enforce eth-

ics and 62% favor certification courses, those percentages are far from the 92% who'd like to see a generally accepted code of ethics.

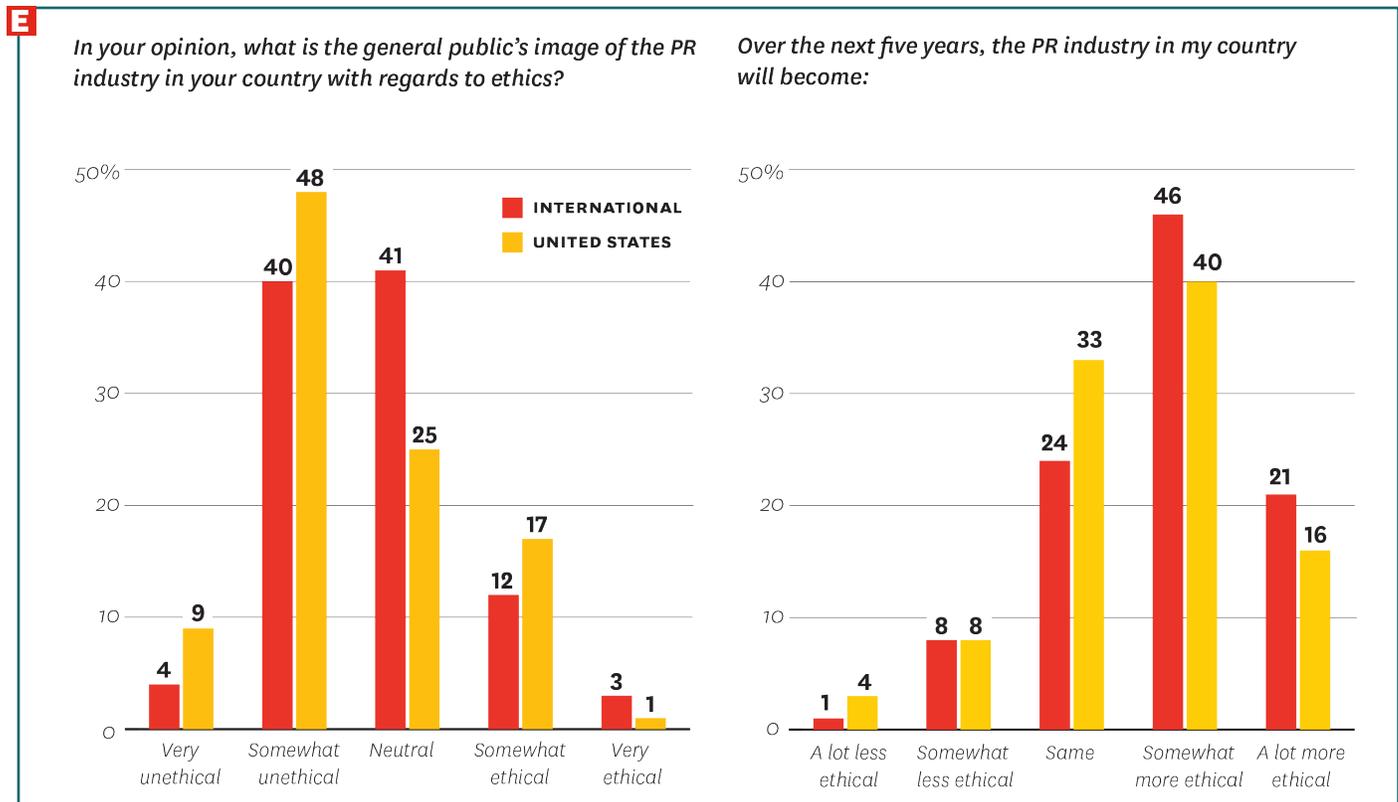
Another interesting finding is just 58% say an industry association like **PRSA** or **PR Council** should be responsible for establishing ethical standards for PR.

Adding mud to the ethical waters, the report discusses the increase in branded content coming from news publishers.

The study finds 64% of PR pros believe the average consumer will be unable to distinguish between earned media and paid media/branded content within 5 years. Worse, perhaps, is 60% of those surveyed feel the public will not care that it's unable to make that distinction. ■



Source: USC Annenberg School, April 2018



Source: USC Annenberg School, April 2018



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Just 9% of U.S. Teens Name Facebook as Favorite Social Media Platform, Snapchat Tops Teens' List

As a communicator or marketer it's likely you were glued to some or all of the spectacle of **Mark Zuckerberg's** testimony on Capitol Hill last week. Odds are teens skipped it.

The below chart, from **PiperJaffray's** *Taking Stock With Teens*, a bi-annual survey of some 6,000 U.S. teens, is yet more evidence that **Facebook**, despite its 2 billion users globally, is the adult in the room as far as social media goes.

As we know, American teens prefer **Snapchat**; 45% in this survey called it their favorite platform.

Instagram is next, with 26% of those surveyed saying it's their first choice. (By the way, if any of the 26% watched Zuckerberg's performance hoping for lawmakers to question him extensively about Facebook-owned Instagram, they were disappointed.)

But back to PiperJaffray's numbers on Facebook; these data are among the starkest displays of teens' *dislike* for Facebook, with just 9% naming it their favorite.

For example, **RBC's** January report wasn't great news for Facebook on the youth front, but it seemed temperate by comparison (*PRN*, January 9). RBC reported 79% of 13-to 18-year-olds have Snapchat; 73% for Instagram; and 57% for Facebook.

Earlier in the year we reported **eMarketer** data showing the gray-haired set was powering Facebook's modest 1% growth (*PRN*, February 13). It also estimated the leading social platform will lose 2 million users aged 24 and younger in 2018. Snapchat will gain 1.9 million in the 24 and younger age group, it predicts.

In addition, Facebook users 12 to 17 and 18 to 24 will decrease by 5.6% and 5.8%, respectively, eMarketer estimated in February. It was the first time it predicted a drop in the number of U.S. Facebook users in those groups.

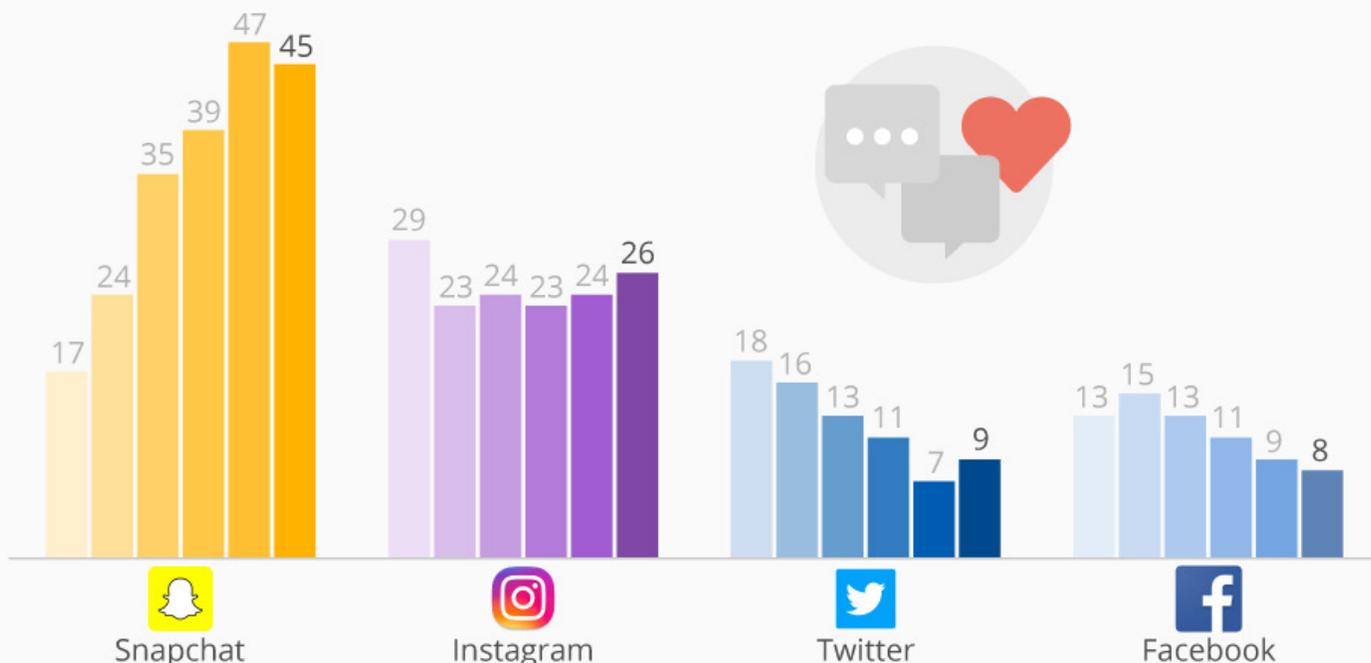
With all this and the allegations against Facebook's misuse of personal data resulting in the Capitol Hill hearings, the sky is not falling on Menlo Park. Not even close.

As the data we reported going into the hearings shows, Facebook users, while concerned about data privacy, are not so concerned they'll be giving up using the platform (*PRN*, April 3). A survey of 3,000 people by **Tellwut**, taken days before the hearings had similar findings: 70% of Americans and 67% of Canadians had no plan to close their Facebook accounts due to concerns over **Cambridge Analytica**. ■

Facebook and Twitter Are Old News to Young People

% of U.S. teens who consider the following social networks their favorite

Legend: Fall 2015, Spring 2016, Fall 2016, Spring 2017, Fall 2017, Spring 2018



Source: Piper Jaffray, *Taking Stock with Teens*, April 2018 (6,000 teens surveyed); Statista chart

Knowing Your Audience Now Involves Understanding Its Rhythms via Data

Knowing your audience may be the first rule of communications and marketing. Part of that knowledge is understanding the type of messages your audience craves.

A new study from **Bain & Company** in cooperation with **Google** adds complexity to that basic tenet—not only do brands need to know what messages to send to audiences, but *when* to do so and how often.

“Mastering timing raises the odds of seizing attention for the immediate purchase and building brand equity in the longer run” the study, *It’s About Time*, says. Communicating at the most opportune times, companies can increase business “with fewer or more efficient ads,” it argues.

Companies that take more control of their marketing and advertising data and technology will be able to respond quickly to a customer’s zigs and zags and send a tailored

message at precisely the right moment.

Finding the correct times to send messages, the study argues, is an insight companies can glean from data and technology. Sending messages, collecting data and then examining it can lead brands to the ideal time(s) and frequency to send messages.

Polling some 1,700 marketers at large B2B and B2C companies globally, the research found leading marketers (the top 20% marketers, based on a composite score of revenue and market share growth) don’t just understand which customers to reach and what to say; they also know the importance of connecting with customers at the right moments.

Timing also figures into how quickly a brand is able to react to a customer’s behavior. Faster reaction times go a long way toward more effective marketing, the study says.

The single greatest investment over the next three years cited by the North American executives surveyed is improved understanding and selecting of customers (see graphic A).

While all marketers share that goal, the leaders have advanced furthest in three ways:

► First, they control their consumer data by integrating their marketing and advertising technologies. Marketing leaders are 1.6 times more likely than laggards to prioritize integrating their platforms, and they have a stronger understanding of how to deploy their technology (see graphic B).

► Second, marketing leaders encourage a test-for-results culture. They use metrics and share lessons among marketing and commercial groups.

► Third, they react faster. They achieve this by having the in-house team responsible for customer acquisition and retention take more accountability for budgets, technology, data and analytics. Many also empower the CMO to own marketing technology decisions. ■

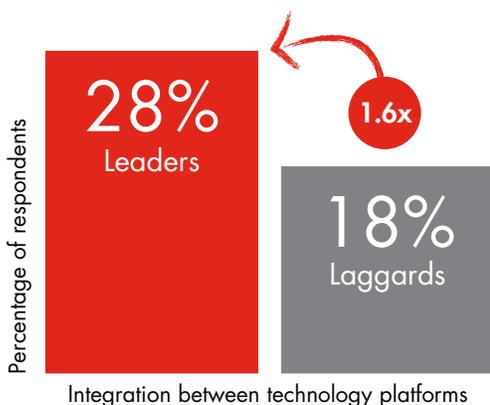
A Top areas for investment in the next three years



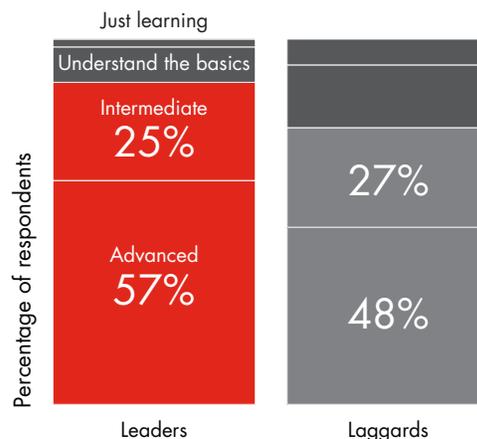
Percentage of respondents

B Leaders are more advanced users of marketing technologies

Among the top three priorities in the next three years



User aptitude with marketing and advertising technology



Source: Bain & Co, Google, *It’s About Time* (1,700 marketers globally at large B2B and B2C companies) April 2017



Mark Zuckerberg, CEO, Facebook

1. On The Face of It: The bottom line for **Facebook** (and for just about any company) is the bottom line. Looking at it that way only, last week's Capitol Hill tour wasn't bad for the Menlo Park company; quite the opposite, actually. Facebook shares began the week at 158 and jumped to 165 at the end of **Mark Zuckerberg's** first day of testimony on Tuesday, April 10. His marathon Q&A session added some \$3 billion to his net worth. Not bad for a few hours work on Capitol Hill. Shares hit a week's high of 168 as Zuckerberg testified on the Hill the next day, Wednesday. Facebook ended the week at 165. We hear often PR is supposed to bring value. We'll assume (below) communicators had a large hand in Zuckerberg's success in D.C. last week. If so, the value PR provided was measured on Wall Street.

2. Life Doesn't Zuck: Behind every successful man is a disbelieving mother-in-law. True, that's an inaccurate paraphrase of a well-known aphorism. Behind Zuckerberg last week, sitting behind him on the Hill, were **Myriah Jordan** and **Joel Kaplan**, members of what *The Atlantic* once called Facebook's "Lobbyist Dream Team." The key to Zuckerberg's success last week was his team's observance of the basic rule of marketing communications: Know your audience. Gone within a few minutes was our concern about Zuckerberg's arrogance (PRN, April 10). We had reason for concern. He initially dismissed reports of Russians' use of Facebook to meddle in the US presidential election in 2016 as "a pretty crazy idea" and allegedly the delayed response from Facebook re **Cambridge Analytica's** misdeeds with 87 million users' data stemmed from a

similar arrogance. Absent others, we'll credit Jordan and Kaplan for wiping away any trace of Zuckerberg's dismissiveness. Consummate D.C. insiders, they knew lawmakers rarely tolerate arrogant CEOs, much less those who are in their early 30s. They also knew few if any deep policy debates were likely to break out during the hearings, which generally are grandstanding sessions for lawmakers eyeing the 2018 elections. That knowledge of its audience informed Facebook's tactics: apologize profusely for data breaches, promise to do better, dangle the idea of regulation and get the heck out of town.

3. In Facebook We Trust: Certainly Facebook has other audiences to address besides those on the Hill. We already mentioned Wall St. gave its blessing. Facebook users, 2 billion strong, also seem only mildly perturbed at having their information accessed. Data we presented last week and this (including on page 6) indicates the overwhelming majority of users have no intention of letting **Cambridge Analytica** ruin their Facebook experience, despite qualms about data privacy. (It remains to be seen what Facebook will do to assure users and regain trust.) Advertisers, too, remained confident in Q1, while plenty of negative headlines were running. Facebook ad revenue grew 62% in Q1 2018 vs the same 2017 Q, the 4C's *State of Media* report says. Spending for travel ads rose 129% vs. Q4 2017; in the lucrative legal/financial sector ad spending jumped 32% vs 2017's Q4. Facebook's click through rate was up 1%; cost per click fell 21% q to q.

4. Growth: PR veterans **Nancy Caravetta (Rebel Cause Public Relations)** and **Jessica Goldberg (Irwin Gail Communications)** (picture 3, page 1) joined their firms to create **Rebel Gail**. – **Hemsworth Communications** expanded to NYC and hired **Kate Wark** to lead the office as managing partner.



Nancy Caravetta, Co-CEO, Rebel Gail

5. News Bits: With the klieg light shining on **Wells Fargo** after its bogus credit card scandal in September 2016, everything else the bank does comes under scrutiny. For example Wells said April 13 it faces some \$1 billion in fines for charging thousands of customers for auto insurance they didn't need, driving some to default on their loans and lose their cars. – Props to **Bell** for underwriting *Moving Veterans Forward*, which offers free **PRSA** memberships for veterans transitioning to civilian life.

6. People: **Havas PR N America** CEO **Marian Salzman** is leaving to become SVP of communications for **Philip Morris International**, a new position. She'll be based in Switzerland and report to CEO **Andre Calantzopoulos**. **Trilogy Financial** of Huntington Beach named **Ginger Silverman**, VP marketing, brands and campaigns at **Behr Paint**, to its board. – **FremantleMedia North America** named **Kevin Blanchette**



Marian Salzman, SVP, Communications, Philip Morris Intl

SVP, marketing & communications. – The founder of **Edelman's** health practice, **Nancy Turett**, joined **APCO Worldwide** as executive director.

7. Last week's **IPR** conference in D.C. was buzzing about an excellent look at diversity and inclusion in PR. **Angela Chitkara** of **City College of NY** writes in *Harvard Business Review* (April 12) brands are insisting on diversity and inclusion in their accounts with PR firms. Yet 18 PR CEOs (13 men, 17 white) she interviewed were unable "to reach consensus on the meaning of diversity and inclusion." Most conflated inclusion with diversity. "While many recognized the importance of changing recruitment to create more-diverse workforces, only a few recognized hiring a diverse staff would not guarantee a sense of inclusion among those hired." Broadening recruitment and investing in on-boarding training can help, she writes. ■